

GOVERNMENT OF ANDHRA PRADESH
A B S T R A C T

Municipal Administration and Urban Development Department - Extension of Corridor-III, Approval of the Concession Agreement and Selection of the Developer and Concessionaire for implementation of Hyderabad Metro Rail (HMR) Project on Develop, Build, Finance, Operate and Transfer basis in PPP mode - Orders - Issued.

MUNICIPAL ADMINISTRATION AND URBAN DEVELOPMENT (H1) DEPARTMENT

G.O.Ms.No.

Dated the 8th August, 2008.

Read the following:-

1. G.O.Ms.No.123, MA&UD (H1) Department, Dated:11-03-2005.
2. G.O.Ms.No.574, MA&UD (H1) Department, Dated:04-06-2005.
3. Government Memo No.3152/H1/2005, MA&UD (H1) Department, Dated:19-08-2005.
4. G.O.Rt.No.1507, MA&UD (H1) Department, Dated:03-11-2005.
5. G.O.Rt.No.993, MA&UD (H1) Department, Dated:05-09-2006.
6. G.O.Rt.No.624, MA&UD (H1) Department, Dated: 03-06-2006.
7. G.O.Ms.No.546, MA&UD (H1) Department, Dated:28-10-2006.
8. G.O.Rt. No.1056, MA&UD (H1) Department, Dated: 21-07-2007.
9. From the Managing Director, Hyderabad Metro Rail Limited, Letter No.843/MD/HMR/2008, Dated 1.8.2008.

<<<>>>

O R D E R:

In the reference 1st read above, Government have constituted a Committee to study various transport systems and comprehensive strategies for improving traffic situation in Hyderabad and prepare a road map for road, rail connectivity for decongestion of traffic situation in Cities of Hyderabad and Secunderabad. Based on the recommendations of the Committee, Government have issued orders in the G.O. 2nd read above to undertake development of Mass Rapid Transit System (MRTS) Project on BOT basis for Hyderabad in Phase-I in the following three corridors :

1. Miyapur - Chaitanyapuri
2. Secunderabad - Falaknuma
3. Tarnaka - Hitech City

2. In the reference 3rd read above, Government have issued orders calling for Global Expression of Interest and Request for Qualification (EOI-Cum-RFQ) document for selection of developers for design, develop, construct, finance, operate, maintain and transfer the Hyderabad elevated Mass Rapid Transit system (MRTS) Project on BOT basis in leading News Papers and Electronic Media. In response to the advertisement, Bid Documents were received and opened by the Committee constituted by the Government in the G.O. 4th read above. The Committee has evaluated the seven proposals received from reputed Indian and foreign companies and furnished their findings to the Government.

3. In the G.O. 5th read above, Government have constituted a Committee consisting of seven members under the Chairmanship of the Chief Secretary to

Government. The Committee has evaluated the technical and financial capabilities of the proposals received from seven consortia with reference to the parameters prescribed in the EOI-cum-RFQ document and short-listed the following 5 consortia for participation in the Financial Bids:

1. M/s. Essar Constructions Ltd led consortium.
2. M/s. Magna Allmore led consortium.
3. M/s. Reliance Energy led consortium.
4. M/s. GVK led consortium.
5. M/s. Nava Bharat led consortium.

...2.

::2::

4. In the G.O. 6th read above, Government have issued orders for appointment of M/s Span Consultants Private Limited, Bangalore and M/s Semaly S.A, France as Owners Consultants for the Hyderabad MRTS Project to assist the Project Director, MMTS for evaluation of various BOT contract structures, preparation of suitable financial model, conducting bid process management for selection of developers, validation of draft project reports (DPRs) submitted by the developers, assessing Viability Gap Funding (VGF); and preparation of contract agreements and other tasks indicated in the scope of work.

5. In the G.O. 7th read above, Government have appointed M/s. Delhi Metro Rail Corporation Limited (DMRL), New Delhi as Prime Consultants for supervision of technical aspects and ensuring smooth execution of the Hyderabad Metro Rail (MRTS) Project.

6. In the G.O. 8th read above, Government have constituted a Committee to receive and open financial bids for Hyderabad Metro Rail Project, carryout the evaluation of the Bids and to submit the recommendations to the Government for consideration of the financial bids through the Chairman, Hyderabad Metro Rail Limited. The Committee for Evaluation of the Financial Bids have examined the Bids based on the report of the Legal Adviser and Owners Consultant, found the Financial Bid offer of M/s.Nava Bharat Ventures Ltd + M/s. Maytas Infra Ltd. + M/s. Italian-Thai Development PLC + M/s. IL&FS (L1) to be competitive, reasonable and advantageous, and hence recommended to the Government for acceptance of the Financial Bid and to issue Letter of Award (LoA) to them.

7. In the reference 9th read above, the Managing Director, Hyderabad Metro Rail Limited has reported that due to some serious problems encountered in acquisition of 77 Acres of land from Osmania University (an autonomous Institution) for location of the Depot for Corridor-III and due to large scale development of residential colonies and growth of new IT establishment beyond Habsiguda, he has requested the Government to extend the Corridor-III up to Nagole by another 4.77 Kms and for location of the Depot at Nagole along the Inner Ring Road in the vacant lands being acquired by Hyderabad Urban Development Authority, for which a Detailed Project Report (DPR) has been prepared by M/s. Delhi Metro Rail Corporation (DMRC), New Delhi.

8. Further, the Managing Director, HMRL has reported that the Committee constituted in the reference 8th read above have received and opened the Bids on 23.07.2008. While M/s. GVK led consortium did not file their Bid, the highest Bidder (M/s. Essar led consortium-L4) sought a Grant of Rs.3,100 crores and the second highest Bidder (M/s.Reliance Infra led consortium-L3) sought a Grant of Rs.2,811 crores. The next highest Bidder (M/s. Magna Allmore led consortium-L2) sought 'zero' grant and further offered to pay GoAP's Equity Contribution of Rs.250 crores, as per the specified time periods of Equity Contribution. Discounted at the PLR (Prime Lending Rate) of 13.5% as on the Bid opening date

(as furnished by SBH), the Net Present Value (NPV) works out to Rs.152 crores. i.e., a negative Grant of Rs.152 crores. The lowest Bidder (M/s.Nava Bharat led consortium-L1) also sought 'zero' Grant and further offered to pay different amounts at different time periods of Concession, which total up to Rs.30,311 crores. Discounted at 13.5% PLR, the NPV works out to Rs.1,240 crores. i.e., a negative Grant of Rs.1,240 crores.

9. Government have examined the above necessity for extension of the Corridor-III from Shilparamam to Habsiguda by another 4.77 km up to Nagole and for locating the Depot at Nagole and also regarding the revision of Total Project Cost (TPC) to Rs.12,132 cr. (Rs.11,814 crores. as approved by Government of India and Rs.318 crores. state taxes included in the TPC) due to increase in Rolling Stock (coaches) requirement, steep increase in steel, cement and oil prices and inclusion of Financing Charges and the same was indicated to the bidders in the Draft Concession Agreement (DCA).

...3.

::3::

10. Government have examined the above proposals in detail and after careful examination approve the following:

- i. The proposal for extension of Corridor-III (Shilparamam - Habsiguda) by another 4.77 km. up to Nagole and for location of the MRTS Depot at Nagole;
- ii. The Draft Concession Agreement (DCA) for the Project; and
- iii. The Bid of M/s Nava Bharat led consortium (Nava Bharat Ventures Limited + Maytas Infra Limited + Italian-Thai Development PLC + IL&FS) as the Developer and Concessionaire for the Hyderabad Metro Rail (HMR) Project.

11. Government authorise the Ex-Officio Principal Secretary to Government, MA&UD Department to take further action on the above and issue of Letter of Award (LoA) to M/s.Nava Bharat led consortium (M/s.Nava Bharat Ventures Ltd + M/s. Maytas Infra Ltd. + M/s. Italian-Thai Development PLC + M/s. IL&FS) and for executing the Concession Agreement on behalf of the Government.

12. This order issues with the concurrence of Finance Department and Law Department vide their U.O.No.5326/LSP/2008, Dated:01.08.2008.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

Dr.C.V.S.K.SARMA,
EX-OFFICIO PRINCIPAL SECRETARY TO GOVERNMENT.

To
The Ex-Officio Principal Secretary to Govt., MA&UD Department and
Commissioner and Special Officer, GHMC, Hyderabad.
The Principal Secretary to Government, MA&UD Department.
The Principal Secretary to Government, TR&B Department.
The Managing Director, HMWW&SB., Hyderabad.
The Managing Director, APCPDCL., Hyderabad.
The Managing Director, Hyderabad Metro Rail Limited.

Copy to:
The Chief Commissioner of Land Administration, Hyderabad.
The Principal Secretary to Government, I&I Department.

The Principal Secretary to Government, (R&E), Finance Department.
The Principal Secretary to Government, (TC) TR&B Department.
The Secretary to Government, (LA), Law Department.
The Vice-Chairman, HUDA, Hyderabad.
The Managing Director, DMRC Limited, New Delhi.
M/s Span Consultants Pvt Ltd, Bangalore and M/s Semaly S.A, France Consortium.
The Special Secretary to Chief Minister.
The Advisor to Government, Municipal Administration and Urban Development Department.
The Secretary to Government, MA&UD Department.
The Private Secretary to Chief Secretary to Government.
The Private Secretary to Minister (MA&UD).
The Finance (Expr.M&F) Department.
The General Administration (Cabinet) Department.
(with reference to Council Resolution No.280(3)/2008, dated 6.8.2008.
Sf/Sc.

// FORWARDED :: BY ORDER //

SECTION OFFICER